An Economic Development Guide for Municipalities

Alberta

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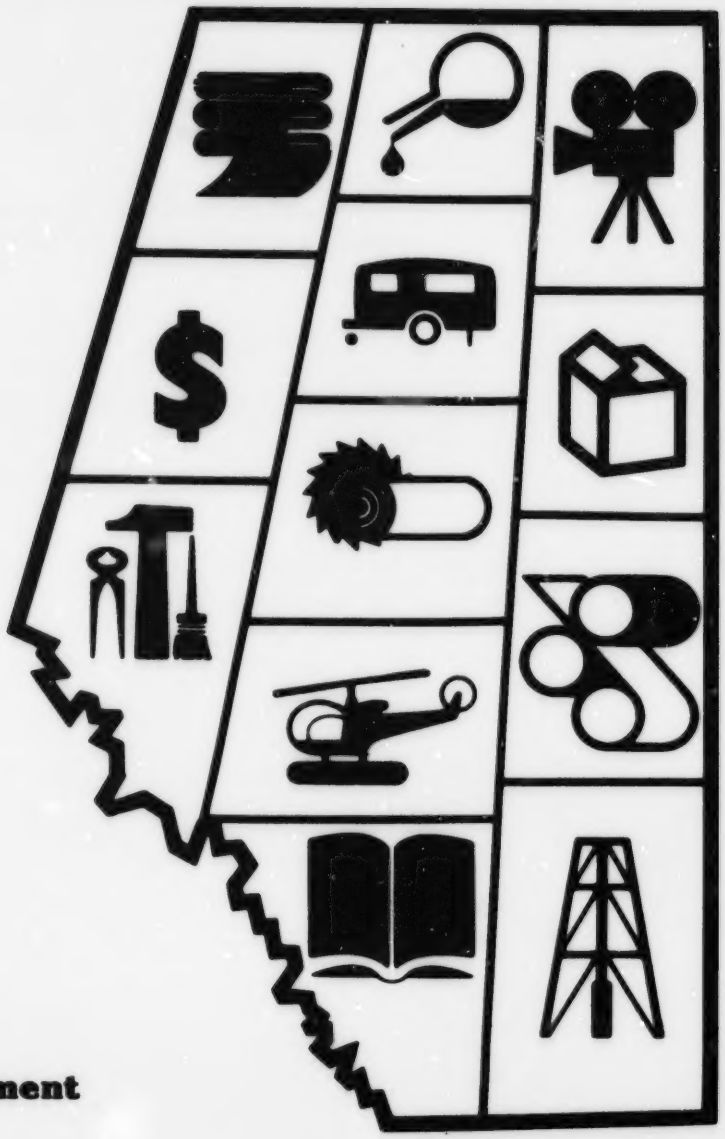

Approach to Economic Development
BOOK ONE

Alberta

TOURISM AND SMALL BUSINESS
Small Business Division
1984

An Economic Development Guide for Municipalities

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Approach to Economic Development

Growing communities near major urban centres see the bulk of their working populations commuting out daily and seek new sources of employment for their people. In many communities, leaders want to see their municipalities become more vital and dynamic, offer more amenities and services, provide more opportunities for young people to stay and work near home, and become better places to live. Economic development endeavors to expand industry, business, services, community facilities and populations; and to enhance the general quality of life.

There is no quick and easy way to successful economic development for any community. Whether it's a resource town, an agri-business centre or a manufacturing centre, the exercise is long, arduous, tedious and often frustrating because results do not come quickly. Too often, the strong burst of enthusiasm that starts a municipal economic development program dwindles and dies when new businesses are not attracted in the first months or year. Such effort needs constant encouragement from community leaders to keep up morale and to make steady progress. A community whose leaders are easily discouraged should not embark on such a program. Economic development must aim at long-term goals because it can take two to three years for one good prospect to decide upon a new location.

In undertaking a project of significant magnitude, three major phases are needed: initiation, planning and implementation; and each must interact with the other.

1.0 Introduction and Purpose

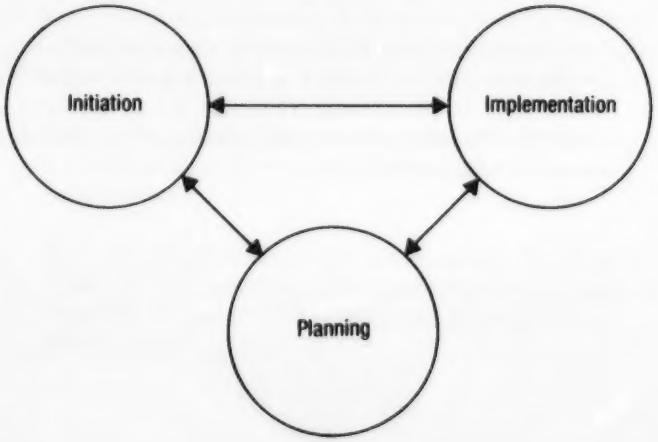
Alberta's economy throughout the 1970s enjoyed a thriving and vibrant growth period. Industry, business, and people of all types were attracted to the province.

In the early 1980s the world experienced a down turn in the economy which has brought about a leveling off in expectations and growth. Notwithstanding, investors, although fewer in number, continue to seek new opportunities. Alberta has much to offer; therefore, the premier and his government continue to encourage and welcome development in the province and diversification of its industries, but want to see benefits dispersed as widely as possible.

A continuing primary concern of Alberta Tourism and Small Business is to provide encouragement and assistance to municipalities in their economic development activities. This is intended to enhance decentralization of economic developments and to help municipalities to become more economically viable.

Communities seek economic development for several reasons. For example, many wish to expand and diversify their taxation bases through industrial, business and other economic developments.

Figure 1 How Community Development Evolves



How Community Development Evolves

Under *initiation*, community leaders focus the pressures or demands for change (Chapter 2), examine and choose among organizational options for suitable actions (Chapter 3), and detail the status of the community for the benefit of others (Chapter 4).

Under *planning*, the focus is on assembling long-range plans and strategies for economic and community development (Chapter 5), community and regional land use planning (Chapter 6), and planning services for land development (Chapter 10).

Finally, under *implementation*, efforts centre on marketing, advertising and promotion (Chapter 7), prospecting for economic developments and prospect actions (Chapter 8), community enhancement programming to improve conditions (Chapter 9), and public and private actions for location and land development (Chapter 11).

It cannot all be done at once, or in isolated phases. The successful economic development program will cycle continually through the three phases. Initiation actions are needed to keep rejuvenating efforts; planning must be updated to stay realistic as conditions change; and implementation actions must go on steadily in order to realize some results and to keep the organization from going stale.

Like the economic development process itself, this handbook **cannot be perused quickly and set aside** — it is intended to be a ready reference for continuing use, to facilitate the progressive assimilation of economic development knowledge.

This guide's purpose is to aid community leaders, economic development committees and municipal development officials in becoming familiar with the many elements of economic development and in planning and sponsoring activities to encourage development. The guide is for use by Alberta municipalities and economic development organizations of all types and sizes. Therefore, every effort has been made to explain each element of economic development so that this handbook will be useful in a wide range of situations.

The authors of this guide have been assisted by municipal development officials who gave freely of their time so that results of their practical experience might be passed on to others. Officials interviewed were from varying sizes of municipalities and from both urban and rural settings.

Some points stressed by these officials in relation to business and economic development were:

1. The municipality must be active in its own promotion — relying on developers and realtors is not sufficient.

2. Full support from Council is needed whether the economic development committee is under its auspices or those of a chamber of commerce or other organization.

3. Promotion and development efforts must consider all elements of community enhancement, services, business, industry and tourism.

4. The purpose, roles and responsibilities of the economic development group must be clearly established.

5. The municipal council should establish the level of services in industrial subdivisions to ensure balance between the price and quality and the type of prospects sought.

6. When you have a reasonable level of industry, the best source of prospects is the companies in your town.

7. The municipality must present factual and accurate profile data when responding to prospects to ensure future integrity.

The above advice, and more, has been incorporated into this guide. Without exception, municipal development officials interviewed expressed willingness to help others get started.

2.0 The Process of Economic Development

Behind every success story of a community economic or business development program are two dynamic forces: effective local government and citizens seriously committed to do something about economic opportunities and problems.

An effective local government is responsive, progressive and attuned to community desires. It is one which not only maintains municipal services, but anticipates the need for extended services. The serious commitment of the community means a commitment by all groups in it to make their community not only a better place to live, but one which is attractive to industry, business, service companies and other organizations.

2.1 The Driving Force

The driving force that initiates municipal economic development is council or community concern for development. It is best if both are combined. A municipal council can do a lot on its own, and many have, but too often the action is to develop an industrial subdivision without adequate planning or market awareness and promotion. Such oversight results in a subdivision which sits largely empty. Or, a community interest group can do considerable promotion to attract new business, or even get a private developer interested in establishing an industrial subdivision, only to have its efforts thwarted by an unresponsive council. But, if the two forces work together, the results can be highly successful.

One factor inducing a council to become concerned for development is the need for more tax revenues to pay for services demanded. A residential tax base is only adequate to support minimal services. A diversified tax base with greater amounts of commercial and industrial assessment can provide financing for better services making the community more attractive. Other factors are concerns for expanding employment, investment opportunities and populations, and for increasing community stability. Also, if a municipality now relies heavily on one major employer, economic development will diversify employment and reduce vulnerability to a plant shutdown, destruction by fire, or other disasters.

Another factor is pride and belief in the community. This can induce both council and community interest groups to be concerned for development. Pride and belief in the community compels interested people to work hard for business or economic development.

Once created, it is important to keep the driving force strong. Here are some points to consider.

1. Involve all key citizens in the process of creating your economic development organization.
2. Keep them up-to-date regarding new information.
3. Share the excitement of new initiatives and events.
4. Keep key people involved in new projects without overloading any one person.
5. Share the success of projects as they are completed.
6. Evaluate progress as a team.

2.2 Long-Term Nature of Economic Development

Decisions or actions taken toward achieving economic development potential may be seen as short-term commitments involving annual allocations of community money, and time and energy of municipal staff. Such initiatives, in themselves, cannot totally make up a program to improve a community's economic life.

A long-term program aimed at achievable objectives is required so that problems can be addressed and these assets of a community put to their best use. This program will involve a working relationship among many actors: municipal elected officials, municipal administrators, an economic development staff, provincial program support officers, the local chamber of commerce, the local and regional planning agency, and the residents and businesses which demand a high-quality community. Their combined efforts, over time, build a base for economic, business or industrial development. Therefore, a long-term council commitment is essential.

Figure 2.1 The Economic Development Process

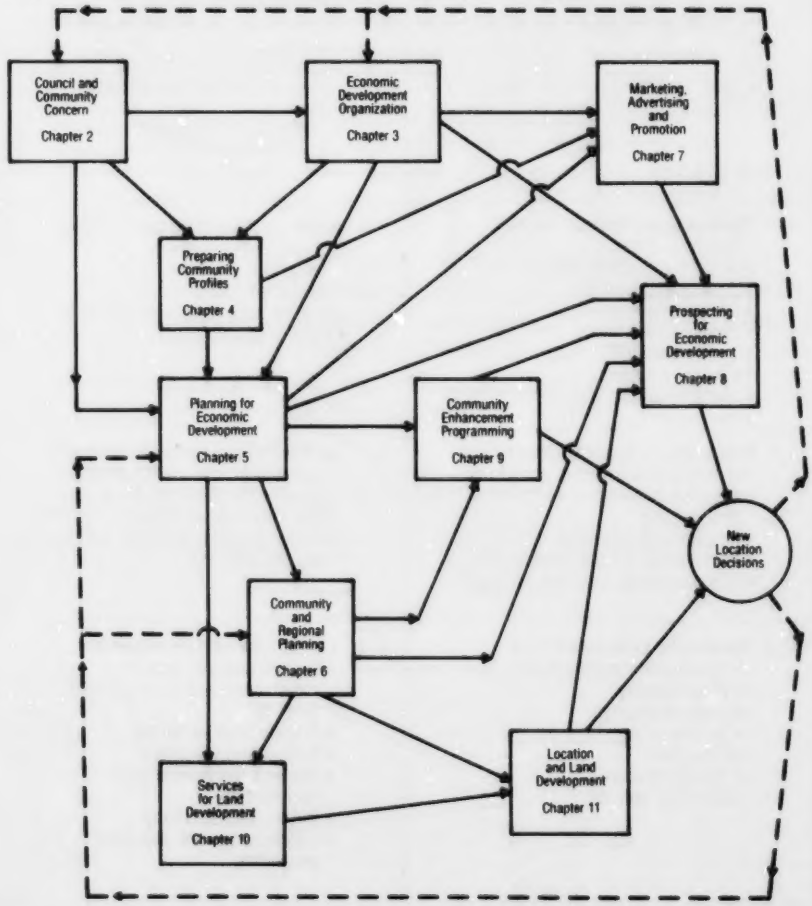


Chart 2.2 Economic Development Process Outline

2.0 **The Process of Economic Development** • The driving force • Long-term nature of economic development	3.0 **Economic Development Organizations** • Major participants • Alternative organizations • Choice of organization form • Establishing a committee • Establishing a department • Effective communications • Financing the organizations
4.0 **Preparing Community Profiles** • Purpose of Profiles • Format suggestions • Municipal profile contents • Augmenting the profiles • Assembly suggestions	5.0 **Planning for Economic Development** • Internal and external appraisal of strengths and weaknesses • Formulation of community economic development goals and strategies • Preparation of long-range community plans and council priorities • Community plans impact assessment for development options • Preferred development directions • Council commitment package • Choosing of policies
6.0 **Community and Regional Planning** • Regional Plans • General municipal plans • Zoning and land use • Development policies • Development needs • Land availability • Financial support • Subdivision planning requirements	7.0 **Marketing, Advertising and Promotion** • Marketing strategy • Advertising options • Using the media • Promotional functions and fairs • Aids to presentations
8.0 **Prospecting for Economic Development** • Defining development prospects • Responsibilities and scope of prospecting • Prospecting activities • Importance of local businesses • The prospects' location analyses	9.0 **Community Enhancement Programming** • Main street/store front program • Eyesore removal and fill-in sites • New services promotion — motels, dining, doctors, dentists, lawyers, accountants, etc.
10.0 **Services for Land Development** • Community requirements • Water supply • Sewage disposal • Solid wastes • Chemicals • Transportation • Planning options	11.0 **Location and Land Development** • Private subdivisions plan registration and development permits • Private land servicing • Public land purchase • Public subdivisions plan registration • Public land servicing • Land use by-law and plan amending

2.3 The Economic Development Process

The economic development process, as depicted in Figure 2.1 and Chart 2.2, involves constructive thought and careful planning of activities. The diagram and chart do not attempt to be all-encompassing, but only to outline key sections of activity and to illustrate how they interact. The outline assumes that business development will be an ongoing process in the community and that new developments and experiences will be monitored with results being fed back into appropriate action centres. Only the major feedbacks are shown by the broken lines in Figure 2.1 but in a real situation, there will be continuing interplays among all participants involved in economic development.

Figure 2.1 is a simplified diagram of what happens generally in the economic development process. As such, it does not highlight all important interactions between the community and outside bodies. However, as you review various related chapters of this economic development guide, you will be reminded that many actors and influences outside the community impact the development process.

Each chapter of this guide highlights the major activities to be maintained for an ongoing, effective economic development program with widespread involvement from the community. At the beginning of each chapter, a diagram is provided to outline the major activities and show how they are inter-dependent.

3.0 Economic Development Organizations

Several different forms of economic development organizations have been used successfully. This section highlights roles of major participants, discusses various organization forms with advantages and disadvantages, outlines how each might be financed, and provides guidelines for choosing and establishing a committee and/or economic development department.

3.1 Major Participants and Their Roles

Municipalities can provide:

1. Leadership and good communication to involve local residents and businesses, in addressing problems arising from changing community needs

2. Initiative, enthusiasm and concentration of energies to adapt and enrich provincial policies and make plans more realistic in respect to local needs and circumstances

3. Co-ordination and comprehensive planning to integrate the many interlocking activities of economic development

4. Professionalism to improve technical efficiency and advice on the execution of policies

5. Accountability of elected representatives and public accessibility to them and to staff offices to increase awareness and responsiveness to sensitive issues

Local governments, unlike provincial or federal governments, bring the detailed understanding which varying economic situations require; co-ordination of local activity; loyalty to, and concentration on, a particular area; and close communication with residents. Therefore, they can make informed, locally accountable decisions.

Figure 3.1 Organizing for Economic Development

Marketing, Advertising and Promotion Programs
Prospecting Programs
Development Results
Assessment of Existing Community Organizations
Review of Community Needs, Resources, Strengths and Weaknesses
Review of Pros and Cons and Choice of Organization Form(s)
Establishing an Economic Development Department
Establishing an Economic Development Committee or Group
Municipal, Community Organizations and Other Funding Commitments
Municipal Council and Community Concern for Development
Community Long-Range Planning for Development
Preparation of Community Profiles

Chambers of commerce, boards of trade or business associations can provide:

1. Awareness of business needs for services, suppliers, labor force, and amenities that make a community more attractive to new businesspeople and their families

2. Volunteers who, because of their concern for the community and the health of its economy, will help plan and promote developments and will provide contacts through association with business people elsewhere

3. Professional business analysis and planning assistance, and design and printing assistance for promotion materials

4. Leadership for economic development and community promotion activities in place of, or in conjunction with, leadership provided through the municipality

Business associations and companies have a specialized awareness of community needs and desires which should complement the municipal council view. They can also use peer group persuasion to induce other local businesses to participate in and support economic development activities.

The input of other non-business organizations and community groups should also be considered. These groups can provide essential ideas for community enhancement programming in respect to esthetic desires, cultural and recreation facilities, and social services needs in particular. If there are few active community groups, general public desires may be determined through surveys or other forums like public meetings.

The strengths of various major participants will have significant influence on the type of economic development organization that will emerge. The organization options considered here, along with some advantages and disadvantages, are:

1. A business or economic development department

2. A committee of council or advisory commission to council

3. A chamber of commerce committee

4. A combined council and chamber of commerce committee

5. A joint undertaking by a group of communities

6. An independent development organization

Regardless of the form adopted, a clarification of roles and responsibilities will set out who does what, when and how. Given the sensitive nature of the co-ordinating role of the economic development team, the responsibilities must be clearly defined at the outset.

3.2 Alternative Organizational Settings

All except the last type of alternative organization for economic or business development exist in Alberta. Each has been established with the same ultimate purpose — to encourage, promote and assist community business development.

There are no set rules to follow in establishing one form of organization or another except as community size and resources dictate.

3.2.1 Business or Economic Development Department

In large municipal organizations a business or economic development department may be set up to handle all aspects of development and promotion. This department functions as a direct arm of the municipal government. It relies on hired expertise to provide scope and depth for the key roles in business development; and, in the pure department case, there is no volunteer or other committee participation.

Such a department has a primary staff rather than line orientation. It will interact with, influence, and draw upon the resources of various line operating departments as needed. The staff orientation fosters comprehensive and objective analyses and recommendations.

The business or economic development department normally reports to the city or town manager, but may report directly to mayor and council. Activities commonly include market research, business and industry promotion, planning for community enhancement, site and plant location services and special activities (including client assistance, marketing, public relations, tours and liaison).

A smaller municipality may operate a one-person department with some secretarial support. Usually, though, such a department functions with some committee assistance.

Advantages

- Can be altered or redirected at the will of council just as any other municipal department
- Avoids a need to co-ordinate efforts of politically oriented groups
- Does not rely on volunteers for key ideas and input
- Provides opportunities to co-ordinate economic planning and development with municipal line departments

Disadvantages

- Costly to set up and operate a comprehensive department
- May become mired in bureaucratic structure and processes
- May not be sensitive to perceived community needs
- May not be viewed as neutral in contentious situations

3.2.2 Committee of Council or Advisory Commission

This form of business or economic development group is frequently used and can exist in many different sizes and types of municipality. The initiative for its formation may come from any combination of council, administrative, business or interest group concerned with doing something to enhance development.

Some key features are:

1. It is established by a council by-law which outlines membership, functions, responsibilities and expectations.

2. Members normally are volunteers appointed by council from among its membership and the community at large. Meeting attendance fees may be paid, and all expenses are covered.

3. The committee most frequently relies on a co-ordinator who is the municipal development officer or industrial commissioner who will also provide day-to-day developer services.

4. Duties usually include preparation of a long-range economic development plan for council, appraisal and reporting of community strengths and weaknesses, development of advertising and promotion campaigns, and finding and following up prospect opportunities.

In some Alberta cases, a committee of three members of council is used without any representation from other groups. This is essentially a modified municipal department approach with councillors providing policy advice, higher level decision authority, and essential interfacing with the balance of council. The small council committee option has essentially the same advantages and disadvantages as a municipal department, but at a lower cost. The pros and cons considered below refer to the broader committee.

Advantages

- Combines staff expertise with ideas from the community
- Assures some measure of council control and input
- Less costly than the independent corporation or the fully-staffed municipal department
- Can have a broad scope of community awareness
- Draws members from a variety of backgrounds

Disadvantages

- Relies heavily on the expertise of one staff member who frequently was hired before the committee was conceived and may be oriented only toward developer services

- The officer delegated with the committee responsibility is seldom rewarded for doing his job as well as meeting the wide-ranging expectations of the committee

- It can be difficult to find key, committed volunteers to spearhead activities unless they come forward during the committee formation period (including by-law preparation)

- Political interplay between council and committee can be disruptive

- Given a volunteer committee structure and an unclearly delegated responsibility for staff support, committee recommendations are often put forward with insufficient justification and resultant lack of action by council

3.2.3 **Chamber of Commerce Committee**

This form of economic or business development group really applies to chamber of commerce, board of trade or other business association. Its main distinction from the council committee is that it operates independently from council and is initiated solely by the sponsoring body in response to perceived needs. In small towns, these committees often spearhead business development efforts. In large communities, they play a leading role, probably in liaison with a municipal development department or staff function.

Some key features of the "Chamber of Commerce" Committee are:

1. It is established and directed by the sponsoring body.

2. Members are normally volunteers from among sponsor membership.

3. The committee co-ordinator, if filling a job that is a staff function, will be the executive director or secretary of the sponsoring body.

4. Financing will be provided through the sponsoring body's membership fees and donations.

5. Duties usually include development of advertising and promotion campaigns, finding and following up prospect opportunities, and lobbying council for supportive actions by the municipality.

Advantages

- Low cost to the municipality
- Key volunteers easier to find
- Immediately incorporates business perceptions

Disadvantages

- Can become a "one-man-show" for the chairman with resulting unproductive, unplanned group meetings
- No dedicated staff to maintain prospect lists, etc.
- Can easily be at odds with council regarding development directions
- Has no direct municipal input
- Scope of members may be limited, e.g., all businessmen
- A committee of the chamber of commerce could focus its attention on the needs of particular business interest groups in town at the expense of the needs of the community-at-large, or of new prospects for economic growth; this may happen due to competition or other factors

3.2.4 **Joint Chamber and Council Committee**

This form of economic or business development group is very similar to that in section 3.2.3 except it has membership participation from council — likely with funding support. The committee will probably be established by the chamber group but with a supportive resolution of council and appropriate appointments. Because of the liaison, such a committee might have designated duties relating to community planning.

Advantages

- Relatively low cost to the municipality
- Key volunteers easy to find
- Incorporates council and business perceptions
- More opportunities for consensus on what is best for the community

Disadvantages

- Can become an unproductive "one-man-show", although not likely
- No dedicated staff to maintain prospects lists, etc.
- Scope of members may be limited, e.g., mainly businessmen
- Liaison with rather than direct access to council
- Can easily be at odds with council regarding development directions given that individual council representatives may vote without majority council support
- Council and other representatives can favor one development direction over others excluding the comprehensive review of other options and of follow-up action that might indicate a better direction

3.2.5 Joint Community Regional Development Organization

This is perhaps the best known type of joint community development organization. Currently known as the Alberta Rural Business Projects Program, some eight organizations in Alberta are sponsored under the Tourism and Small Business Act. These are development councils made up of representatives from two or more communities (usually six to 10 communities) who have a common geographic area, similar needs and interests, but are each too small to support a development program.

This form of development provides each community with a broad base approach to economic development, is responsive to local needs and issues, and provides a ways and means of developing a creative and innovative approach to rural economic development.

The following key features usually exist in joint communities development organizations:

1. Primary grant funding is provided by provincial government departments with the communities sharing the balance of costs.

2. Policy and direction are provided through a board comprising one member of council appointed by each community.

3. Usually the only paid staff is a co-ordinator hired to act as the primary adviser to the communities, to prepare promotional materials, to seek out prospects and to assist in getting other government financial support for development or community enhancement projects.

4. Within each community, business interests are encouraged to work with the co-ordinator to help create development opportunities and to enhance the community generally.

5. The co-ordinator may assist in the formation of Local Development Co-operatives to undertake physical development projects (housing, commercial buildings, etc.) in the absence of local entrepreneurs.

Advantages

- Joint promotion of an area on the understanding that new business in one community will have spin-off benefits to others
- Communities unable to afford their own development staff can receive professional assistance
- Provision of a key contact to advise and encourage new business prospects
- The paid employee can provide much more expertise than municipal administrators or councillors on a part-time basis
- Development planning can be integrated for the area

Disadvantages

- For the size of community usually involved, even the level of funding needed for a joint project may prove to be too high
- With differing community interests it is sometimes difficult to maintain a concerted effort
- The long development time-frame may lead to discouragement and cessation of community support
- Even with regular evaluations it can be very difficult to demonstrate any development progress
- Elements of intercommunity rivalry can undermine the efforts
- There may be no direct relation to a specific community's planning and development process

3.2.6 Independent Development Organization

This form of business development organization is not used often and is likely to be set up only by a large municipality. Examples are known to exist in Ontario and in parts of the United States. It operates similarly to a crown corporation except that its primary financial support comes from shareholders rather than from sales of services.

A primary reason for establishing an independent development commission or corporation is that it can be seen as operating without direct influence from council, the chamber of commerce and other interest groups. This fosters an objective and neutral attitude in its recommendations. Since it is independent from the local administration it can perform its advisory role more directly.

The following key features usually exist in the independent development commission or corporation:

1. It operates with a board of directors appointed by the shareholders who are likely to be the council, chamber of commerce, the business community and other interest groups.

2. Larger commissions maintain a salaried industrial or business development commissioner with paid staff, and usually involve joint council and business initiative and responsibility.

3. Smaller communities may finance a commission through business interests with contributions from council; and business usually takes the formative initiative.

4. The most effective independent development organizations are set up with responsibilities for comprehensive planning, promotion and industrial/commercial development assistance (an advisory role), and may be responsible for tourism and urban renewal.

5. The organization does not play a direct role in allocating community resources to the physical creation of industrial subdivisions, but can serve as an effective negotiator between development and community interests.

Advantages

- Objectivity and neutrality in attitude
- Works full-time on business development

Disadvantages

- Possible high costs
- The council loses elements of control
- Can be dominated by business interests
- Because it's not accountable to council, this organization may de-emphasize the importance of comprehensive community planning
- There can be disruptive vying for power among the supporting agencies

3.3 Choice of Organizational Structure

Each community has some background and experience in dealing with economic or business development. The strengths that have developed in the community from this experience are therefore unique and should be built on. The decision on the type of organizational structure appropriate for a given community therefore should be based on what exists, what works well, and what people feel comfortable with.

If there are problems or conflicts they should be dealt with in the open by those involved. When we form a new organization to solve problems, we often forget that in a small or medium-size community the same people will be involved and therefore the same conflicts will arise.

Before going to a new structure, it is suggested that the parties involved in economic or business development review the existing situation, determine what they want to see happen and then see if the existing organization can be used to achieve it. If, after discussion, it is decided that a new structure or some modification of the existing one is required, then the pros and cons outlined above should be reviewed.

For communities undertaking economic or business development for the first time, it is often best to encourage the group that initiates the program to take the lead role. Once a core interest group is established, this group should review the pros and cons of alternative organizations with council and the chamber and put forward a recommended approach. This proposal should show clearly how the new organization outranks alternatives in terms of meeting the needs of the community.

3.4 Guideline for Establishing a Committee

Various types of economic or business development organizations have been discussed above. At the outset it must be recognized that some group has to initiate the birth of the organization through channels that will ensure it will be a recognized component of the community's economic life. This means that the group must form, or cause to be formed, a "steering committee" to examine the possible functions, nature, and composition of the proposed organization and to make recommendations to appropriate authorities.

3.4.1 Formative Steering Committee and Purposes

Obviously, the reason for the steering committee, its objectives, and its intentions must be made known to the municipal authorities, to the executive of the chamber of commerce, and to other organizations and groups that may be significant to its work. Results will be best if the committee's work is endorsed by the important organizations in town and arrangements made to receive, review, and approve the committee's recommendations. Probably the steering committee will include representation from some of these organizations, and, if some members of the steering committee might become members of the economic development organization, so much the better.

Briefly, the steering committee's main purposes should be to accomplish the following by a given target date:

1. To describe the broad functions of the proposed organization

2. To ascertain what pertinent legislation exists at either the provincial or the municipal level and to decide whether or not this legislation enables formation of the likely organization type

3. To weigh the pros and cons of various forms of organization in the light of legislation, existing group structures in the community, and functions of the organizations

4. To describe the form considered most suitable to the community and to recommend the composition of the organization and the tenure of office for its members

5. To indicate the budgetary requirements and options for financing

6. To report, with recommendations, on committee deliberations and to spell out the steps to be taken to formally create the organization

7. To describe the reporting procedure for the organization — when, what, who and how

Once it has been decided that an Economic Development Committee is to be formed, the steering committee's broad recommendations must be translated into a workable organization. (Similarly if the conclusion was to establish a department or some other organization form.)

3.4.2 **Size of Economic Development Committee**

The committee should be a relatively small group (probably no more than seven) of keenly interested and capable people willing to devote considerable time and effort to the job set out for them. If the group becomes too large it is too easy to shift responsibility, it lacks mobility, and, expenses might become a factor. Furthermore, a smaller group can become a team. More than seven highly qualified members would take too much of the leadership away from the community.

It is a known fact that in any community, particularly smaller ones, leadership responsibility tends to be circulated among the same small group. Care should be taken to select members in a way that will avoid overloading key people, if possible.

A smaller group could possibly be even more effective, but considering the need for relatively broad representation and the necessity of having a certain number of trained members on the committee, a six- to 10-member body seems to be most acceptable.

3.4.3 **Committee Representation**

The committee should be broadly representative of the community. In an average community the representation could be something like the following:

1. One or two representatives of council, likely elected officials.

2. One or two chamber of commerce or other business association representatives. In most communities the chamber of commerce is directly and keenly interested in business development and, in addition, probably contributes financially to the committee.

3. Rural or resource representation. If the community is based on agriculture or forestry, or both, there should be a representative from these industries. Careful selection must be made in order to assure progressive and positive-thinking individuals. This representation is important because in many cases business development will need to be based on processing of available local resources and serving the resource producers.

4. Labor representation. If labor organizations are a factor in the community this can be useful (most likely in large communities).

5. One or two representatives from the community at large, e.g., doctor; teacher; representative from women's group, service clubs, fraternal organizations, etc.

3.4.4 Committee Tenure of Office

The committee membership must be relatively permanent, that is, membership on the committee, particularly the chairman's position, cannot be the standard one-year duty. It is impossible to learn enough about economic development in a one-year stint. Therefore, when a committee is established, it must be on the basis that those serving on it are keen, interested and prepared to spend at least three to five years on the job. This allows time for learning, planning and carrying out a significant program.

Long-term membership has other advantages. For instance, the members become recognized in the community as the Economic Development Committee and can make it known that they are receptive to suggestions, ideas and proposals. It also means that the hotel man, service station operator and everyone else in town knows to whom a prospect should be referred. If the chairman and committee change every year, this system is impossible to develop.

Again, the chairman or committee members, if active on a longer term, can establish a working relationship with the professionals in the business, that is, the provincial and federal government representatives, banks, railways, utilities and industrial development representatives, etc.

The same applies to the follow-up system which should be set up for dealing with business prospects. It is not unusual for it to take two to three years of continued effort with a prospect before he makes up his mind.

One final consideration: if a committee member is expected to serve for several years, the community is warranted in spending some money on sending him to conferences and training seminars.

3.4.5 **Committee Financing**

The committee must be adequately financed. Naturally, the financing has to be tailored to the resources of the community, but the amount allocated should be determined by what the competition is providing, by the job to be done, and the need. With established funding provided out of municipal coffers, it will not be unrealistic to expect business and industry to match it. In any case, since committee members are expected to devote their time and energy, and probably their cars to the job, expenses should certainly be covered.

3.4.6 **Authority of the Committee**

The Economic Development Committee must be recognized as the official voice on economic development for the municipality.

There is no point in establishing a Committee that is not permitted to speak on behalf of the municipality. Naturally it will have to prove itself and will have to be responsible.

The amount, the degree, the latitude of decision-making, etc., must be developed in a close working-relationship with the mayor and council. Nevertheless, the committee must be in a position to give answers on such things as land available, approved prices, timing and conditions for services, current utility rates and sources, development requirements, and so on. If the municipality has its own land for sale, the appropriate municipal official should participate on the economic development committee.

3.4.7 **Summary of Key Elements**

In summary, the Economic Development Committee should be:

- A small group of the most capable and interested residents
- A relatively permanent group
- Broadly representative of the community
- Well financed in keeping with community resources
- Recognized as the official voice for the town

The municipality, steering committee or interested groups can also contact the local business development representative, Regional Business Development Branch, Alberta Tourism and Small Business (see contacts list) for assistance in forming an economic development committee.

3.5 Guidelines for Establishing a Department

The steering committee described in section 3.3 may recommend that a development department be established, or this recommendation may come from other sources. A steering committee of some kind will still be needed to guide formation of the department. This may be a committee of council and administration, or it may have broader representation. Whatever the make-up of the steering committee directions must be given for the following:

3.5.1 Inter-relationships and Organization Position

Inter-relationships are determined by specifying the appointment, directive and reporting channels for the department. These are sometimes linked directly to council, but a greater degree of success is achievable if department appointments are ratified by council while direction and reporting accountability flow through the chief municipal administrator to council.

Consideration could be given to making this a line department because it probably will provide services to subdivision developers. However, the economic development department must also work directly with other operating departments and advise them about services to enhance development. It may also have to draw resources from those departments. In most cases, therefore, the choice is to make economic development a staff support department.

3.5.2 **Specifying Responsibilities and Management**

The people initiating the department should specify economic development responsibilities. These will vary with most communities, but commonly include such elements as:

1. Provision of developer services and control (the development officer role required pursuant to the land use by-law)*
2. Co-ordination and advisory support for any economic development committee
3. Recommendation of a municipal economic development plan
4. Creation and maintenance of community profile records
5. Development of community enhancement programming ideas
6. Provision of technical advice for land and other developments
7. Maintenance of a prospects list and follow-up on contacts
8. Recommendation of land-use planning and zoning amendments

*If a development control officer is appointed, this activity will be deleted, therefore avoiding potential conflict between promotion and control responsibilities.

9. Development of appropriate records and control reports
10. Development of an economic promotion/advertising campaign

11. Assistance with municipal long-range capital and operating planning

12. Preparation and justification of annual budgets

13. Planning and co-ordination of all activities around prospect visits

14. Provision of advice to administration, council and community interest groups regarding development possibilities.

15. Provision of facilitation role for developers (to get through the "red-tape" for approvals, licensing, permits, etc.)

In an organization using team management, the above will be the core set of statements of responsibility, reporting and accountability. Once selected, the head of the department will participate in further activities that will specify undertakings in more detail:

1. Setting of Goals — statements of overall direction for development of the department and of the municipality

2. Setting of Objectives — priorized targets to be achieved within given time frames

3. Specification of Key Result areas — major areas of responsibility where objectives can be set and results measured each year

4. Development of Work Plans — statements of actions to be carried out during the year with completion targets that relate to the goals and objectives set

3.5.3 **Support and Image**

The economic development department must be seen as having the full support of council and of the chief administrator. This top level support is essential to assure a highly successful department. It will open the way to easy dealings between the development staff and the line departments provided the economic development officer has the necessary skills and capabilities.

The person chosen to head economic development efforts must be a salesperson and a good presenter. If full-time, the position should pay well, but it may be filled part-time by a retired person. This official must be able to maintain strict confidentiality for prospects, and should be backed up by a confidential secretary. All expenses for travel, etc., should be covered and a high-quality, private, and comfortably furnished office should be provided. But care must be exercised to maintain an image suitable to the municipality. Clearly, in a smaller community, a plush office equivalent to that of a big oil executive will put forth a wasteful impression. But, if it is too spartan, visiting prospects may be convinced that the community is frugal and may not be a good place to locate.

Top level support by municipal officials will also pave the way to good relations between the economic development department and the public, and to leadership in community interest groups — provided the municipality has good relations with the public. The economic development officer will have to make regular contacts with interest group leaders to keep them informed and to seek their ideas and assistance. He or she should also make personal contact calls on established businesses in the municipality to make them aware of the department's activities, to gather information for inclusion in the community profile, to offer assistance and advice where possible, and to encourage them to pass on prospect suggestions. The economic development officer should exploit the media for feature articles and advertising to inform the public about development plans, about existing and new businesses in the municipality, and about community enhancement projects.

The economic development officer should create a favorable image for accomplishment which should also reinforce and strengthen existing public feelings about the progressiveness of the municipality and its attractiveness as a good place to live. More people will then be induced to participate directly in the processes of economic development.

3.6 **Establishing an Effective Communications System**

The guidelines, as set out, point to the importance of maintaining an effective communications system. A potential client, wishing to locate in a co-operative, successful community will look for strengths as well as weaknesses in relationships. To the extent that the new client can sense, in his contact with the economic development team, in his communications, and in the follow-up he receives, that one organization depends on another and that their efforts are mutually supportive, he should favor this community over one without effective relationships and communications systems.

Signs that indicate strong communications system and relationships are:

- Clear roles and responsibilities
- Balanced representation from interest groups
- Program scaled for directors' availability and capabilities
- Simple organization with complementary divisions
- Political support
- Well-defined reporting and accountability for hired staff
- Good relationships between economic development organization and community
- Stable and adequate financing arrangements and continuity
- Simple, straightforward procedures
- Openness, honesty and a belief in and commitment to the community

In a community where council and interest groups are equally concerned with promoting economic development, good communications will exist. Key groups in the communications network will be the municipal administration, the council, the economic development committee, the chamber of commerce, service clubs and other interest groups, and the planning commission (whether municipal, regional or provincial). They will be linked by a good communications system exhibiting the above types of strong relationships.

3.7 **Financing the Economic Development Organization**
The municipal economic development organization and its efforts require assured, continuing financial support for long-term success. Funding for different forms of economic development organizations will vary depending on particular community situations but should generally be close to the following patterns:

3.7.1 **Business or Economic Development Department**
The business or economic development department is an integral part of the municipal administration. As such, it prepares its annual budget for approval by council in conjunction with other municipal departments. Its full level of funding is then provided through the municipal tax levy unless it is credited with some revenues from fees for things like development permits and sales of zoning plans and by-laws.

Another option, where municipal land sales are made, is to earmark some sales proceeds for support of the economic development department.

3.7.2 **Committee of Council or Advisory Commission**
The committee of council or advisory commission will normally receive the bulk of its funding through the municipal tax levy. The committee co-ordinator should be an employee of the municipality, and if any fees are paid to volunteer committee members, these will normally come from municipal sources. However, members of the committee or commission will also come from the chamber of commerce, business or other interest groups so some expenses will often be covered by participants, e.g., travel costs paid by businesses, promotion materials donated by a printing concern, prospect visit meals hosted by the chamber of commerce, etc.

3.7.3 **Chamber of Commerce Committee**
The chamber of commerce committee will normally be funded almost totally by that organization with possible donations from others (similar to those in 3.7.2 above). The chamber may also receive a grant from the municipality which could be designated as support for such a committee.

3.7.4 **Joint Council and Chamber of Commerce Committee**
The joint committee of council and the chamber of commerce will normally receive its major funding from both sources. Since the municipality is a direct participant, it can legitimately pay any share of expenses without touching grant limitations. For example, the committee co-ordinator might be the municipal development officer as a paid employee or fees could be paid to council representatives or particular costs for promotional materials could be billed to the municipality, and so on. This committee could also be supported through donations from other participants as in 3.7.2 above.

3.7.5 **Joint Communities Development Organization**
Although it is theoretically possible for a group of communities fully to support their own joint development organization, provincial governments most often play a role. In this case, the organization develops a budget for approval from its board of directors. The provincial support grant is payable upon the signing of an agreement that specifies how the money is to be used, based on the board of directors' statement of goals and realistic objectives. Financial records and other reporting mechanisms must be undertaken, and an annual report submitted. The board of directors and their paid co-ordinator can obtain additional support funds from other participants, as in 3.7.2 above.

3.7.6 **Independent Development Organization**
The shareholders of the independent development organization provide virtually all of its funding. If sponsored solely by the municipality, it will operate with grant support from that source. However, the more successful organization will likely be a joint undertaking with shared ownership. In this case, the organization should develop an annual budget for approval by its board and the sponsoring groups. Funding support will then be provided by an annual levy on the sponsors proportional to the ownership shares. The economic development officer should not be responsible for soliciting the dollars.

3.8 **Potential for a Shared-Cost Municipal Undertaking**
There could be much discussion about the expense of a qualified, full-time person employed as a municipal economic development officer. One guess, including salary, secretarial support, office costs, and travel and promotion is about $70,000. Many municipalities will not be able to (or will not feel able to) afford this much or even an amount which is substantially less. Hence, reliance is frequently on part-time service from the town manager, secretary-treasurer, mayor and one or two key volunteers.

Another highly advisable option might prove feasible — a regional undertaking among urban and rural municipalities sharing common or complementary economic development interests. A case in point might be a city or town along with the surrounding county or municipal district. A joint employment contract could be arranged with a well qualified person.

One way would be for the municipalities to act in concert in a fashion similar to that described in "3.2.5 Joint Communities Development Organization", that is, first to adopt the view that a new development in one municipality in the group will likely have spin-off effects for the others; and that, other conditions being equal, if one municipality gets the first new development, another will get the next one, and so on. If this option is favored, several factors should be carefully examined and dealt with:

1. The economic development effort will become regional in scope and not local (a one-for-all and all-for-one idea).

2. The inter-community effort must be supported through an appropriate decision-making body (e.g., a board with representation from each municipality).

3. Care should be taken not to put the economic development officer into a position where one community might be favored over another.

4. Studies and work should be undertaken to clarify the strengths and weaknesses of each municipality, and the areas where each could benefit. These should provide a clear basis for joint participation and direction for the economic development officer's efforts.

5. Adequate financing arrangements should be put in place for a long-term program with specific rules for determining amounts and timing of payments by each participating municipality. The financing actually would be similar to that suggested in 3.7.6 for an "Independent Development Organization" for proportionate shares.

6. Roles of the economic development officer to be undertaken on behalf of each municipality should be clearly specified at the start, with procedures set for making later revisions.

The above are considered to be major concerns as seen from an outside viewpoint. No doubt, many others will surface with any group of municipalities considering shared-cost undertaking. Pros and cons would be similar to those discussed in 3.2.5 with one major difference — the undertaking would be free of any control or direct influence by a provincial government department. The degree of success would largely depend on the extent of co-operation of the municipalities involved.

If a group of municipalities were willing to pay the full costs of a shared undertaking, feasibility would still depend on such things as geographic proximity, similarity in municipal size (or willingness to pay), likelihood of attracting good development prospects, and so on. But the primary determinant will probably be the extent of municipal willingness to share rather than to compete for new economic development prospects.

One way would be for each municipality to engage the economic developer's expertise as a consultant to assist in attaining its own economic development goals. This path does not appear very tenable, though, because the "consultant" would be subject to many potential conflicts and likely repeated demands to prove impartiality in approaches to prospects and in advice given. The task appears impossible.

Alberta Tourism and Small Business Offices